

New Medium-term Management Plan

April 2024 ~ March 2028
(Terms 110-113)

October 2024

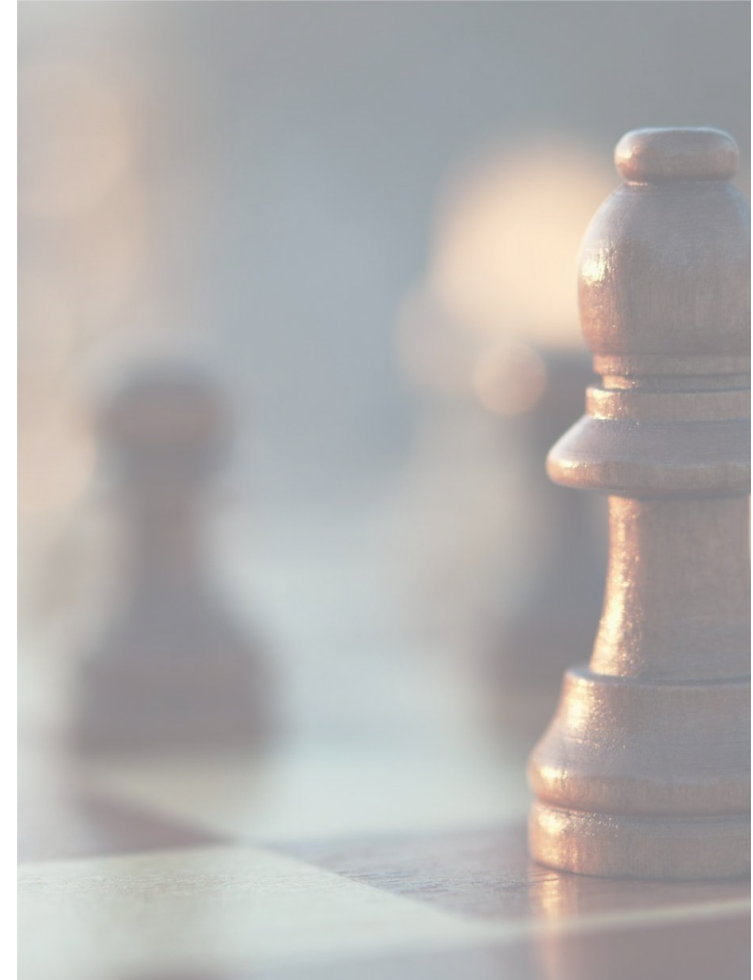
Be a Challenger, Be a Change.

~ Striving as a leading company that supports sustainable social and industrial infrastructure
through combining light, lighting and new technologies ~



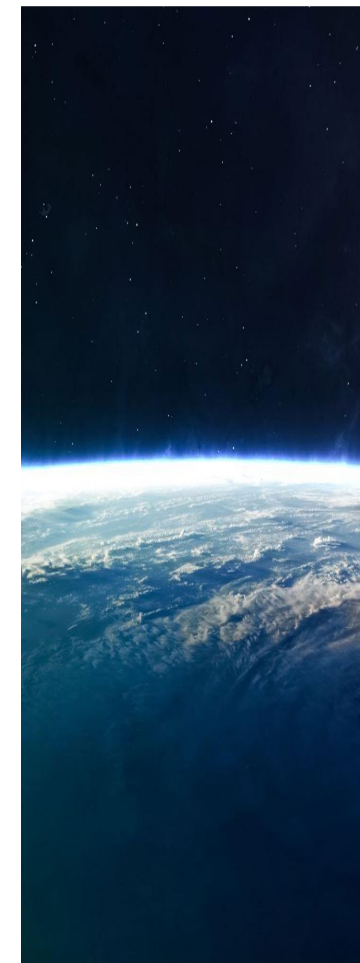
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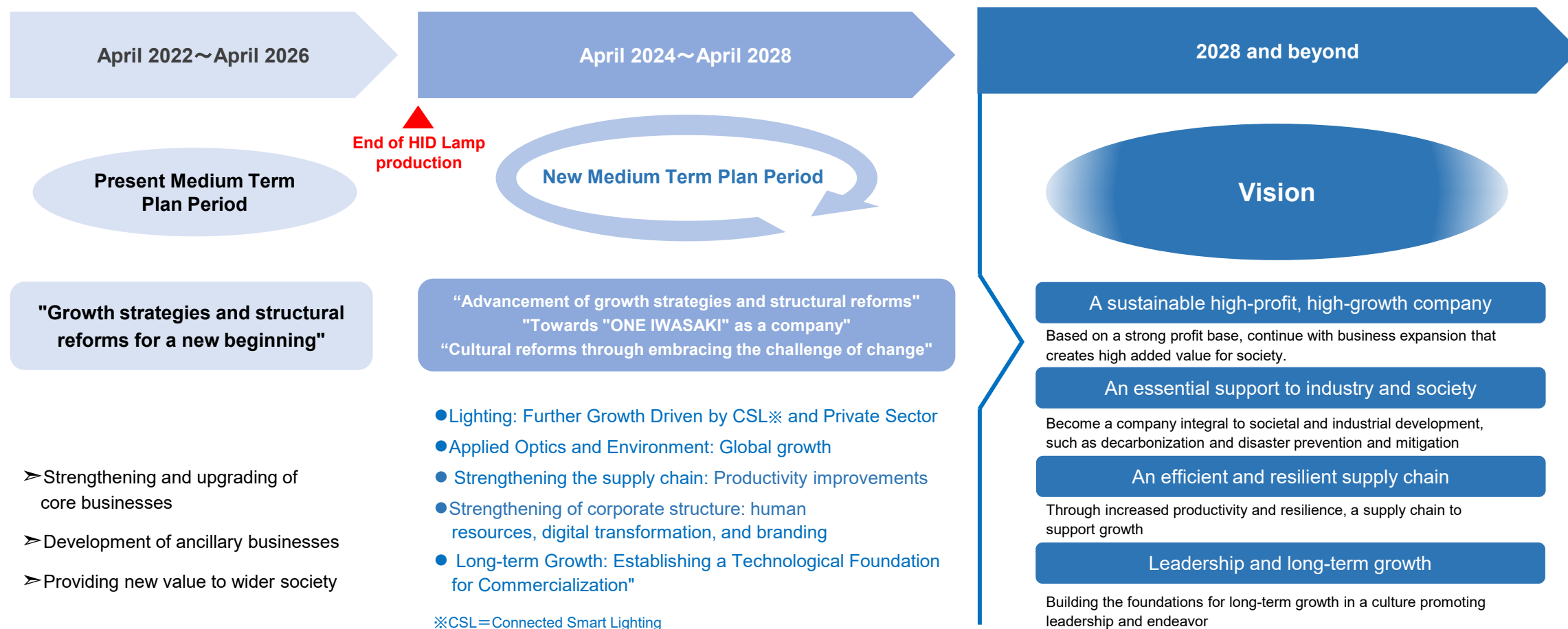
Core Policies and Overview of the Medium Term Business Plan

- A proactive approach towards the end of HID lamp production – a generational turning point for Iwasaki Electric – to use it as an opportunity for change.
- Strengthening profitability of existing businesses, and movement of resources and investments into growth areas, to realize markedly improved profitability and sales.
- Meet social movements and demands such as decarbonization and disaster prevention and mitigation, to accelerate growth in the Lighting business through CSL and increased private sector demand.
- Accelerate growth in the Applied Optics and Environment business on a global level through focusing on investments in semiconductors and healthcare.
- Improvements in productivity throughout the manufacturing division, strengthening the supply chain and contributing towards improvements in competitiveness across the entire company.
- Combining human resource strategies, digital transformation, and branding, to become a company highly valued both internally and externally.
- Swift implementation of solutions to key social issues, such as energy supply and environmental purification.



1. Core Policies and Overview of the Medium Term Business Plan

Growth strategies for the Lighting and Applied Optics and Environment business will be supported by improvements in productivity achieved, solidifying the foundations for growth through human resources, digital transformation, and other areas, to evolve into a sustainable, high-profit, high-growth company as ONE IWASAKI.



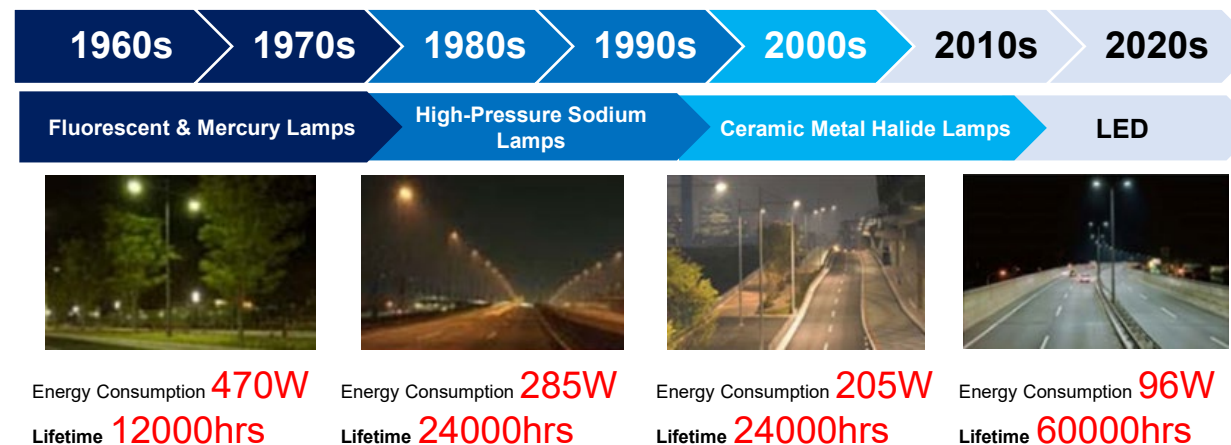
2. Growth Strategy : Business Overview

Up to the 2000s:

The era of HID lamp progression

From the 2010s:

The age of LED, spurred on by the Great East Japan Earthquake of 2011



Founded

1944

Sales Turnover

¥55.2bn
(2023 - 2024)

Capital Stock

¥6.9bn
(as at Sep.2024)

Domestic Group Companies

7
(as at Sep.2024)

Global Network

13 companies
(as at Sep.2024)

Number of Domestic Sales Offices

37
(as at Sep.2024)

2. Growth Strategy : Changes in External Factors

A proactive approach towards the end of HID lamp production – a generational turning point for Iwasaki Electric – to utilize it as an opportunity for and driver of change.

End of the HID Business : A major turning point



- HID lamps, the flagship product of IWASAKI Electric and symbol of the EYE brand for over 60 years, will be discontinued in January 2025 due to mercury regulations.
- The key pillar of IWASAKI Electric, with a more than 100 million units shipped to date.
- With major manufacturers limited even at a global level, prices remained stable.
- Lamp replacement represented a stable and long-term recurring business offering attractive profits.

Building an optimized base structure under ONE IWASAKI



- In addition to its role as the operational main factory, development and marketing functions at the Saitama Plant will be enhanced to support with customers in the Lighting and Applied Optics and Environment businesses.

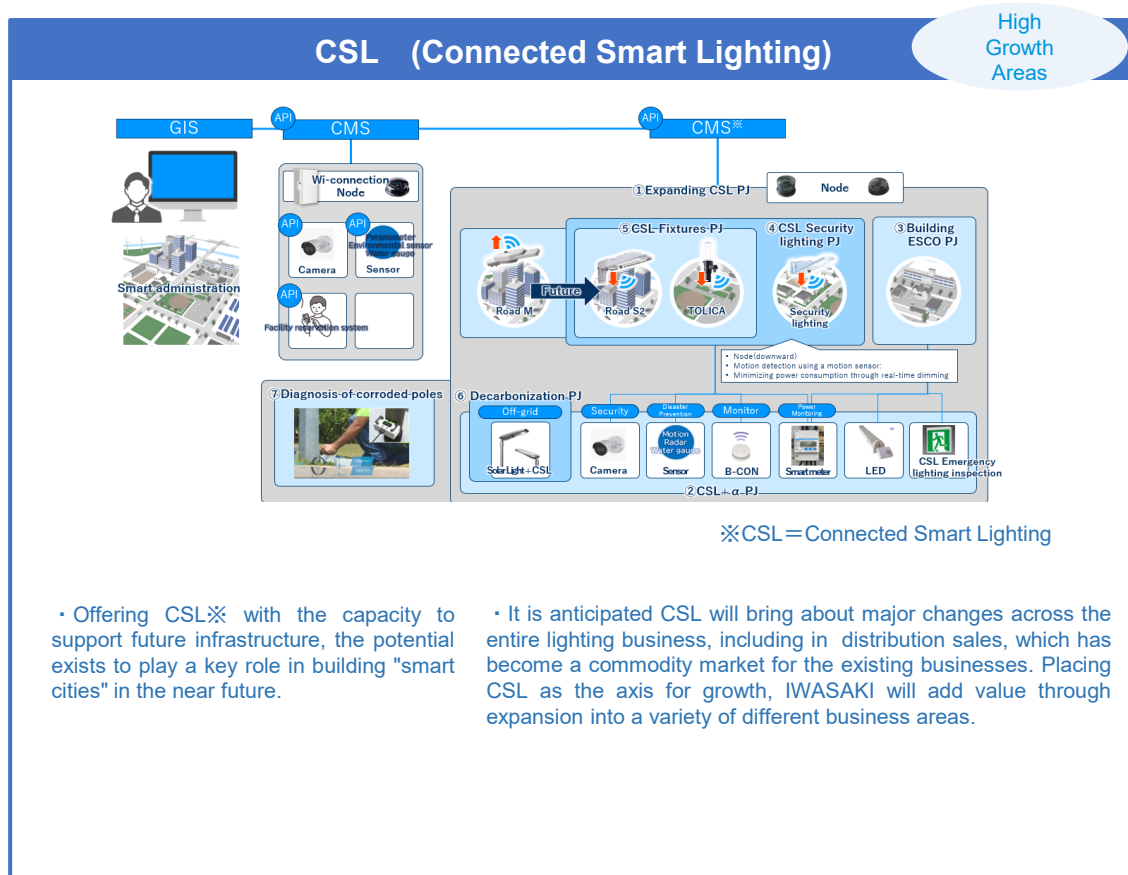


- The roles of each manufacturing base with its own unique characteristics will be defined with greater clarity, seeing the further evolution of the Sakuragawa Factory into becoming a highly efficient manufacturing base for LED lighting fixtures, and the Chichibu Factory focused on semiconductors.

2. Growth Strategy : Lighting Business

CSL offers ample scope for further growth both in interior and exterior areas, and growth will be based upon ancillary fields and industrial use, where there is already strong private sector demand.

Ancillary businesses such as landscape restoration services will be expanded by addressing the issue of aging public infrastructure and the customers' need to extend the lifespan of their machinery.



Private Sector

High Growth Areas

Street Lighting



Parking

Building Exterior + Indoor

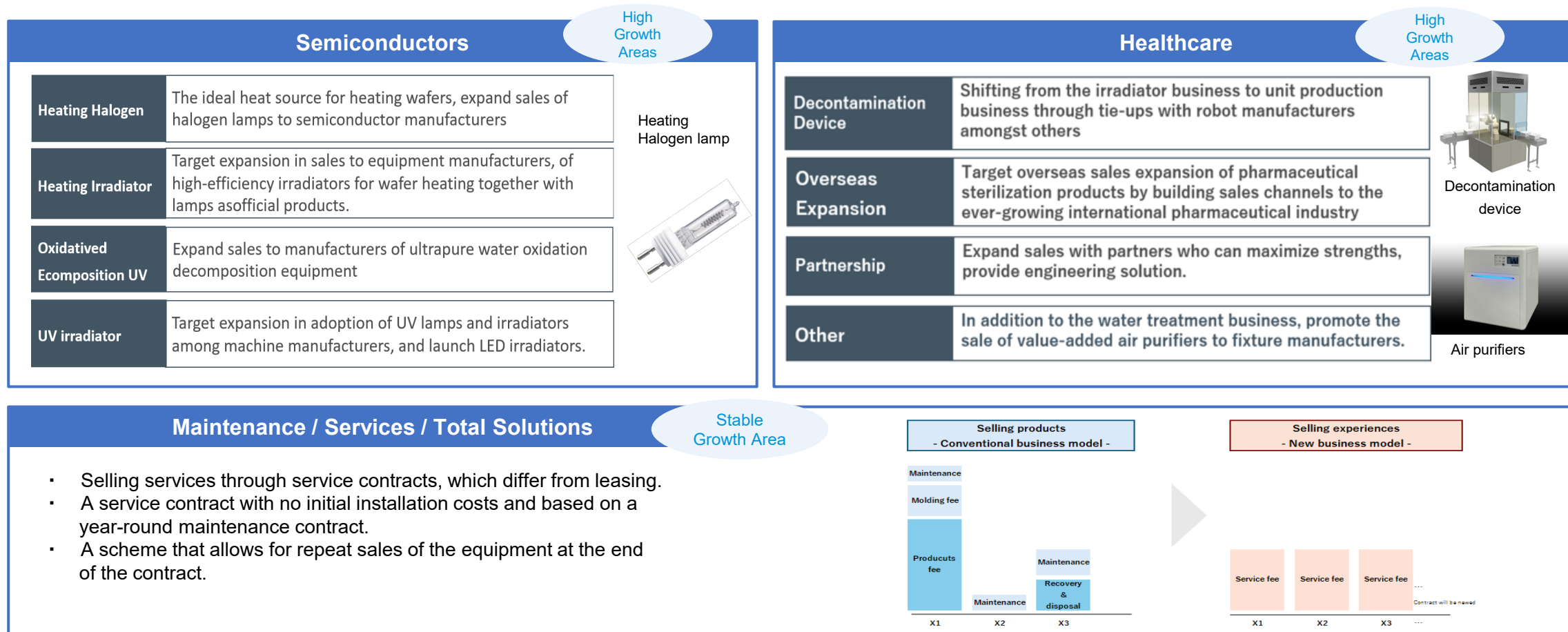
Factory



- To expand in scope to cover neighboring building exteriors and even indoor facilities, as new products are launched. Collaborations with high-calibre overseas manufacturers and domestic performance lighting manufacturers will also be expanded, towards making advances into the private sector market.
- Already one of the top 2 manufacturers of explosion-proof lighting in Japan, market expansion in the industrial sector will be driven by the introduction of new differentiated products in this field, and through utilizing products with unique technologies for industrial use. Growth will be achieved by seizing upon the need for investment in new energy sources for decarbonisation, and the return of manufacturing to Japan.

2. Growth Strategy : Applied Optics and Environment Business

Focus on the expanding semiconductor market. In healthcare, leverage collaboration to integrate peripheral technologies from light source and irradiation products, accelerating overseas expansion and also targeting high profitability in maintenance and services.



3. Supply Chain Enhancement

ONE IWASAKI structure has started since year 2024 in order to respond to the new external environment.

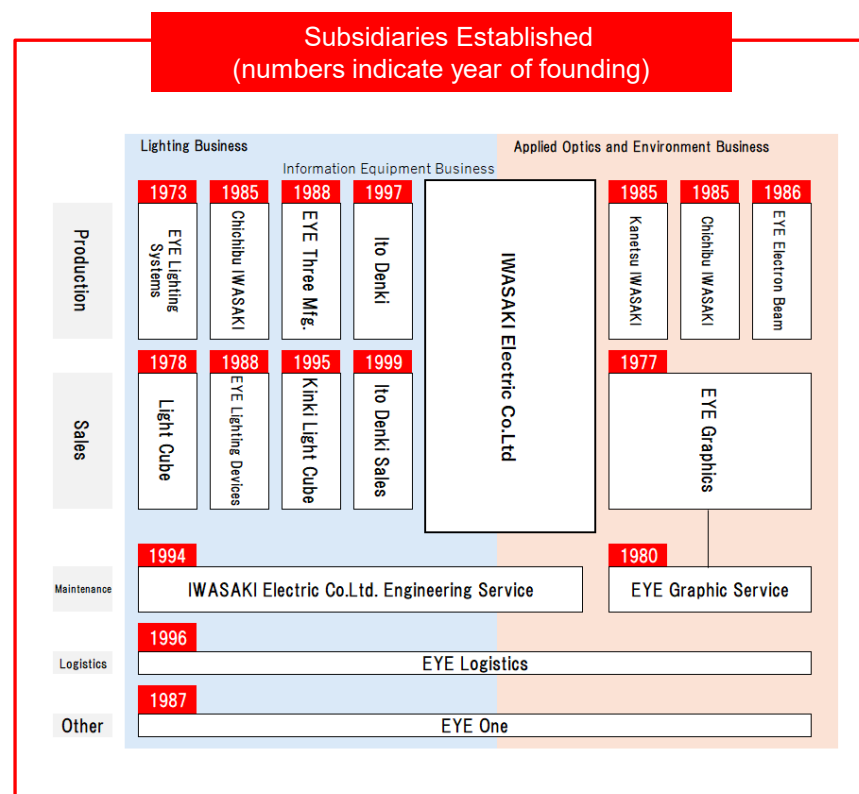
The profitability of existing core businesses will be increased through improvements in productivity, in turn supporting growth investments in pursuit of the medium-term plan.



1944
Established

2020
End of Mercury Lamp Production

IWASAKI Electric Co., Ltd.



ONE
IWASAKI



New Medium-Term Management Plan

Investing in new growth areas

Lighting : Further growth in CSL
Applied Optics and Environment: Global growth



Increased productivity to increase profitability
of existing core businesses

4. Evolution of Corporate Functions : HR Strategy

Based on the new corporate philosophy and code of conduct, aiming to be a free and open company where a spirit of challenge and leadership is encouraged, and achievements are appraised with fairness - a widely recognized company where anyone would want to work, and would recommend to others.

A company where employees can achieve their full potential:

- Establishment of an HRBP system covering the entire IWASAKI Group, to realize optimal placement of the right people in the right positions across the entire group.
- Planned training of executives

A company where company performance and individual achievements are rewarded fairly:

- Realization of an HR system that reflects market rates based on individual duties and achievements
- Introduction of a compensation system that is based on individual roles and achievements while also linked to company performance.
- Introduction of a compensation system directly linked to company performance.

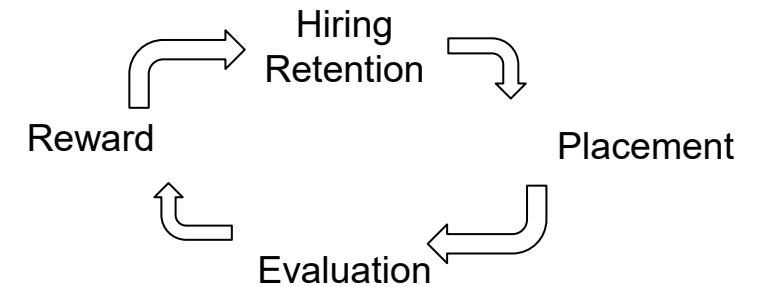
A company where a diverse workforce can thrive with flexibility and dynamism:

- Further strengthening of 'career recruitment'
- Increase recruitment of graduates and mid-career employees to accelerate product planning and development
- Expanded application of flexible working hours (e.g. WFH, flexi-time)

A free and open company where people are invested in the corporate philosophy and code of conduct, take ownership of company and organizational goals as their own, and face challenging goals with bold leadership.

Introduction of systems to encourage people to embrace challenges (including expansion of open recruitment systems and active promotion and utilization of highly skilled professionals)

- Through engagement surveys, swift implementation of measures to address areas for improvement in each department,
- Implement internal communication systems to promote the dissemination of corporate philosophy and code of conduct (cross-functional awareness of activities)
- Creation of an open and comfortable corporate culture for all
Introduction of mechanisms to promote cross-sectional communication (establishment of collaboration spaces, holding of internal events)



Under the HRBP system, ONE IWASAKI will see the right people in the right positions

A free and open corporate culture where talented people with leadership values and a spirit of endeavor gather

Corporate Philosophy and Code of Conduct

4. Evolution of Corporate Functions : Branding / DX

Advancing branding strategies to become a widely recognized company where anyone would want to work, and would recommend to others, whilst also working to improve business efficiency through digital transformation and build data-driven management.

Branding: Enhancing Brand Values

IWASAKI Electric to date:

- Well-known within the industry as a top-level niche manufacturer.
- With competition intensifying beyond the existing industry resulting from the shift to LED lighting, the introduction of communication technologies into lighting, and rapid expansion of the career recruitment market, it is important to break away from "good company known only amongst a minority base".

What should the future IWASAKI Electric look like?

- To be the company of choice for customers, partners, current employees and career aspirants.
- Beyond promoting the corporate philosophy and mid-term management plan, the utilization of external knowledge is vital in the strengthening of both internal and external communications, improving the engagement of current employees, and making the company better known to potential customers, partner companies, and applicants.
- Through the promotion of the medium term plan, we will achieve increased awareness and enhanced brand value.

DX: Improving business efficiency and creating new value through Digital Technology

Integration of systems and processes as ONE IWASAKI

- Integrate and streamline the systems and processes that have been partially independent among multiple subsidiaries.

Establishment of data-driven management through various system renovations

- Speed up consolidated accounting and improve the efficiency of manufacturing and sales processes through the renewal of accounting and manufacturing/sales integrated systems.

Infrastructure and security enhancements

- Enhancement of internal information sharing through groupware renewal.
- Strengthening of BCP and considering the introduction of next-generation security measures such as EDR.

4. Evolution of Corporate Functions : Long-term Growth

In order to achieve medium-term growth under the new medium term plan and ensure sustainable long-term growth, innovation advancement capabilities will be strengthened to build a technological foundation utilizing proprietary technologies to offer solutions to key social issues, such as safe and secure social infrastructure, the environment, and energy supply.

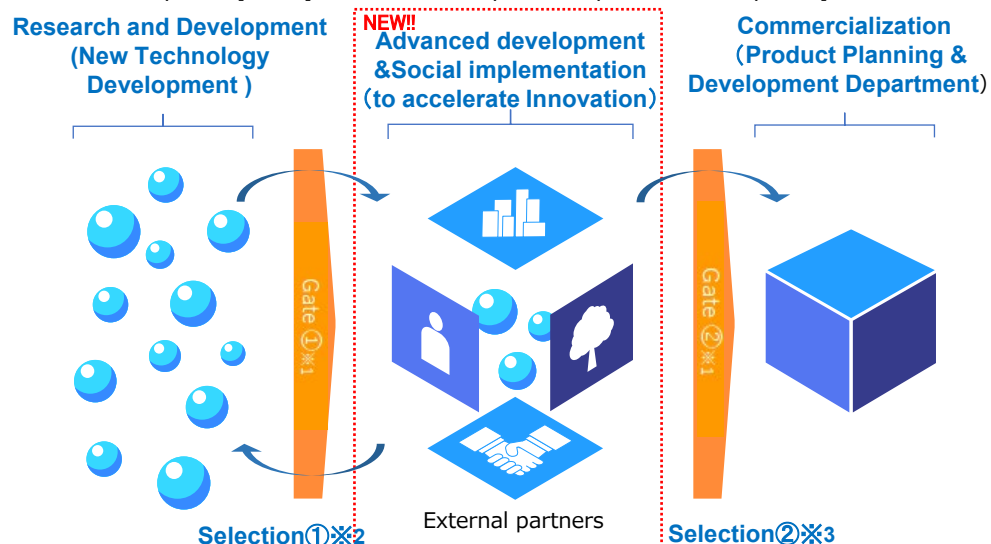
Strengthening innovation and social implementation functions

Establishment of social implementation organizations and functions

- R&D seeds: Utilizing internal and external technologies
- Social implementation: Through proof of concept from R&D, investments will be made into people, materials and capital in the process of commercialization.

Introduction of a management decision-making process

- Set selection criteria and KPIs appropriate for each stage of [R&D → advanced development,] then [advanced development → product development]



Building a business-oriented technological foundation and technological development themes

Establishment of a business technology foundation

- ① Technological developments targeted at business expansion in growth areas
 - Urban spaces and infrastructure: Creating safe and convenient cities
 - Environment and Energy: Providing sustainable energy
 - Semiconductors and Digital: Advancing cutting-edge technology
- ② Creating new value in light
 - Next-generation Light Source Technology: The Evolution of "Illumination and Light"
- ③ Strengthening next-generation technological developments and social implementation functions (see left)

Technological Development Themes

- ① Safe, secure and resilient social infrastructure
 - Infrastructure DX: Promoting human-centric urban development through digital technologies, covering areas such as disaster prevention and mitigation, and energy management
 - Renewable Energy: Reinforcing community energy Supplies
- ② Sustainable DX environmental technologies
 - Next-generation energy technologies: storage batteries and hydrogen energy
 - Advanced environmental purification and Digital Transformation of healthcare
- ③ Strengthening of core technologies and creation of new businesses
 - Digital & green technologies
 - Next-generation light source technologies and Optoelectronics
 - Strengthening of core technologies: core light source technologies, optical processing technologies.

※1 : Gate=Management decision gate
 ※2 : Selection of leading themes for development
 ※3 : Selection of themes for product development

< Caution Regarding Future Projections >

The current plans, strategies, outlooks, and performance forecasts of IWASAKI Electric Co., Ltd. outlined in this document - other than those related to past or present business - represent future projections.

Please be aware these are based on our assumptions and judgments in light of the information currently available to us, and are subject to unforeseen risks and uncertainties, with the potential for actual performance to differ significantly from the listed figures.

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